



CATAWBA COUNTY

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June 7, 2010

Dear Citizens of Catawba County:

I am pleased to present to you the Catawba County Fiscal Year 2010/11 budget. The budget maintains the County's 53.5 cent property tax rate. This was a difficult budget to prepare as the economic downturn continues to bring new service demands at a time when sales tax revenues and state funding have decreased and property tax revenues have remained relatively flat. Catawba County's conservative budgeting practices and innovative staff have allowed us to hold the line on operational spending while addressing increased citizen needs. As departments tighten their belts, 37 positions are eliminated, targeted reductions to services are occurring, and operating increases are held to a minimum. Overall, County operations cost increased 1.24 percent and the total budget decreased by 18.56 percent as a result of reduced capital projects. No cost of living or performance pay is included for County Employees.

While these are difficult times, certain needs must continue to be met. The budget continues investments in public school and community college operations, with 49 cents of every local dollar dedicated to instructional and capital costs for our three school systems and Catawba Valley Community College (CVCC). However, the County Manager's recommended budget included reductions to specific services, including sizeable decreases to the County's libraries and parks. After carefully balancing the need for reducing expenditures with maintaining valuable services to citizens, the Board of Commissioners decided to add services back to the library and parks systems as demand continues to rise in those areas during the economic downturn.

Current lending rates continue to make this a good time for local governments that have planned for the future to invest in needed infrastructure. As such, the budget invests in school capital and renovation projects, water and sewer infrastructure and public safety infrastructure, all of which should help provide a much needed boost to our local economy. The budget funds several roofing and general maintenance projects within the three school districts, and necessary upgrades to CVCC. The County currently has over \$50 million in water and sewer projects proposed or requested by citizens and municipalities. The budget funds sewer along Highway 150, which will eventually serve over 750 residences and more than 100 businesses over the next twenty years. The budget funds a water project on Highway 16 North, which will be the first phase of a River Bend Road water loop that will provide much needed potable drinking water and enhanced fire protection to the northeastern portion of the County. Funds continue to be dedicated towards the expansion of the Justice Center and Public Safety Center to provide much needed court related space, technology enhancements and the housing of the 911

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Emergency Communications Center, Emergency Operations Center, Newton EMS Base and EMS Administration, as promised with the quarter cent sales tax referendum. The Board of Commissioners is also examining options to address overcrowding at the Animal Shelter.

Three fire departments will increase the well-being of citizens by providing new services. The Bandys, Mountain View, and Maiden districts will now provide medical first response services in addition to their current fire protection services. While increases were approved for the Mountain View and Maiden districts' tax rates, the tax rates in these districts are still below the county-wide fire district average. County funding to Rescue Squads was not reduced in order to maintain medical first response and rescue response times throughout the County.

As we continue to grow so do demands for County services, particularly in Public Health and Social Services. Public Health has experienced significant caseload growth in child health, the Women, Infants, and Children (WIC) Program, and Home Health services, with the latter witnessing a 22 percent increase in caseload over the past two years. In order to effectively manage these increases, the budget includes 4.5 new positions in Public Health. The Department of Social Services is confronting significant budgetary challenges as state revenue falls and service demands continue to dramatically increase in areas such as crisis assistance, food assistance, and adult protective services.

Fiscal Year 2010/11 also reflects the final loss of ½ cent sales tax to the State as part of a three year phase in of Medicaid relief. This transition allows North Carolina to join every other state in the nation in not requiring counties to share in Medicaid costs. This relief came at a particularly good time as the economy has weakened, which has driven down sales tax revenue and increased Medicaid costs. Overall, this change has saved the County a projected \$3 million to date.

As promised, support of an increase in the Homestead Exclusion income exemption from \$25,600 to \$35,000 is the top priority on our legislative agenda. I am pleased to report that our legislative delegation introduced bills in both houses during last year's Long Session of the General Assembly to address this change, and that the House bill made it out of its first Committee. These bills are still eligible for consideration during the Short Session of the General Assembly.

I thank my fellow County Commissioners and the citizens of Catawba County for their trust and support of our continued efforts to meet our citizens' needs.

Sincerely,

CATAWBA COUNTY BOARD OF COMMISSIONERS



Katherine W. Barnes, Chair